

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 16540
[Redacted])	
Petitioners.)	DECISION
)	
)	

On December 12, 2001, the Field Services Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable years 1997 through 2000 in the total amount of \$82,297.

The taxpayers filed a timely protest and a telephone conference was scheduled. Neither the taxpayers nor their representative were available for the scheduled conference and no additional information was submitted. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

During the years in question, the taxpayers failed to file Idaho individual income tax returns even though Tax Commission records show they satisfied the filing requirements stated in Idaho Code § 63-3030. [Redacted] Idaho Code § 63-3045 (1)(a) states:

63-3045. Notice of redetermination or deficiency -- Interest. (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

Because the taxpayers did not file state income tax returns, the Bureau prepared provisional returns and issued a deficiency notice. The income amounts were determined by examining the records retained by the Tax Commission, the Idaho Department of Motor Vehicles, the Ada County Assessor's Office[Redacted]. Certain account statements from security investments, automotive sales agreements, and loan applications were also used to identify and establish income amounts.

In response to the deficiency notice, the taxpayers' representative, [Redacted], EA of Federal and State Tax Negotiators, Inc., sent a letter of protest and an executed Power of Attorney form. In the protest letter, the representative said [Redacted] had expenses and deductions that "will substantially reduce, if not dispose of the taxpayer's tax liability." He asked for an additional 60 days to have the returns completed for filing. The Bureau sent back an acknowledgement to the protest letter and advised the representative the taxpayers' file would be held in abeyance until April 15, 2002.

The Bureau did not receive the promised returns and the taxpayers' file was transferred to the Legal/Tax Policy Division of the Tax Commission for administrative review. The Tax Appeals Specialist sent the taxpayers a letter advising them of their appeal rights and responsibilities. The taxpayers' representative wrote back to ask for a telephone conference to be held during the week of August 5, 2002. The teleconference was scheduled for August 6, 2002, and a letter confirming the time and date was sent to the representative. However, when the call was placed to the representative, he was not available and did not return the call. The Tax Commission has heard nothing from the taxpayers or their representative since that time.

Based on the records available to the Tax Commission, the taxpayers have an income tax filing requirement as residents of Idaho with income exceeding \$2,500 per year. The taxpayers are

shown as owners of a home they claim to be their primary residence each year in order to receive a homeowner's exemption. They are associated with a business known as [Redacted], a business that is not registered with the Idaho Secretary of State's Office or the Idaho Tax Commission.

Securities investment profiles and various loan applications show the taxpayers' annual income as anywhere from \$100,000 to over \$250,000. Two Bills of Sale show the taxpayers made two cash purchases for automobiles - a 1992 Mercedes purchased in 1998 for \$20,320 and a 1996 BMW purchased in 1999 for \$25,300.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated December 12, 2001, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty,
and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$13,333	\$3,333	\$4,489	\$21,155
1998	10,406	2,602	2,700	15,708
1999	15,806	3,952	2,951	22,709
2000	18,385	4,596	1,962	<u>24,943</u>
			TOTAL DUE	<u>\$84,515</u>

Interest is computed through September 15, 2002.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2002.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this ____ day of _____, 2002, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

ADMINISTRATIVE ASSISTANT 1